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MILK MARKET INFORMATION  
CHATTANOOGA, TENNESSEE, MARKETING AREA  
August 1962

Number 1

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Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee  
J. B. McCroskey, Market Administrator

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MARKET SUMMARY AUGUST 1962

The MINIMUM uniform producer price is \$4.05 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5%. The minimum uniform producer price is \$4.41 per cwt. for milk containing 4.0% butterfat.

During August, 73.3% of the total producer milk was priced in Class I at \$4.60 per cwt. with a butterfat differential of 7.5 cents and 26.7% in Class II at \$2.66 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Class I milk increased 8.7% compared with July 1962 and increased 10.8% compared with August 1961.

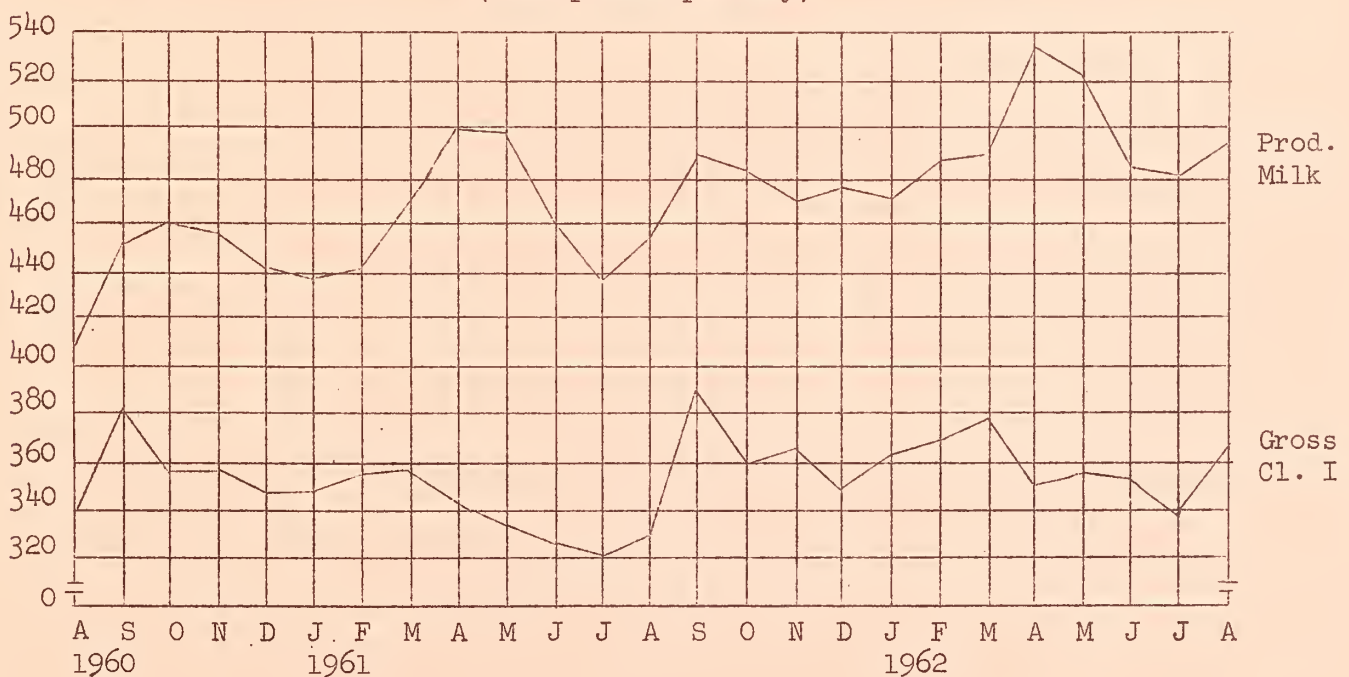
Daily average delivery of milk from producers was 494,743 pounds in August 1962, an increase of 13,862 pounds per day compared with July 1962 and an increase of 39,004 pounds compared with August 1961. Percentage-wise, August deliveries increased 2.9% and 8.6% compared with July 1962 and August 1961 respectively. The daily average farm delivery was 733 pounds compared with 667 pounds per farm for August 1961. This shows an increase of 66 pounds (7.7 gallons) per farm per day.

NUMBER OF FARM PAYROLL ACCOUNTS

OCT 13 1962

	1961					1962							
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
New	13	2	5	4	0	3	2	1	4	1	4	4	1
Quit	4	1	4	3	1	3	4	3	5	3	4	5	3
Total	683	684	685	686	685	685	683	681	680	678	678	677	675

DAILY AVERAGE PRODUCER RECEIPTS COMPARED TO GROSS CLASS I UTILIZATION  
(1000 pounds per day)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Aug. '62</u>	<u>July '62</u>	<u>Aug. '61</u>
Number of Plants (Pool and Non-Pool)	14	14	16
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	494,743	480,881	455,739
% August '62 compared with:	100.0	102.9	108.6
Other Source	15,487	14,532	7,522
Other Order	<u>11,050</u>	<u>11,102</u>	<u>18,950</u>
Total Milk Receipts	521,280	506,515	482,211
% August '62 compared with:	100.0	102.9	108.1
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	292,690	272,983	270,223
Fluid Skim	15,100	12,788	11,507
Buttermilk	38,010	36,882	36,527
Chocolate Milk	11,041	9,958	8,944
Fluid Creams (Sweet & Sour)	2,492	2,407	2,425
Bulk to Non-Handlers	2,425	2,389	208
Shrinkage Class I	6,292	423	1,400
Other	<u>(994)</u>	<u>(38)</u>	<u>(104)</u>
Total Class I Milk	367,056	337,792	331,130
% August '62 compared with:	100.0	108.7	110.8
Class II Uses:			
Butter	1,363	3,390	5,734
Cottage Cheese	18,446	18,610	17,046
Powdered and Condensed Milk	71,603	86,165	85,210
Ice Cream	47,603	42,199	28,965
Stockfeed	4,220	4,267	3,715
Shrinkage Class II	7,780	8,070	7,651
Other	<u>3,209</u>	<u>6,022</u>	<u>2,760</u>
Total Class II Milk	154,224	168,723	151,081
% August '62 compared with:	100.0	91.4	102.1
Gross Class I Butterfat Pounds	12,760	11,775	11,542
Gross Class II Butterfat Pounds	<u>7,805</u>	<u>8,241</u>	<u>7,909</u>
Total Butterfat Pounds	20,565	20,016	19,451
% Producer Milk of Gross Class I	134.8	142.4	137.6
% Producer Milk priced in Class I	73.3	69.4	71.7

SEPTEMBER 1962 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Sept. '62</u>	<u>Aug. '62</u>	<u>Sept. '61</u>
Basic Formula	\$3.04	\$3.03	\$3.255
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	<u>(0.42)</u>	<u>(0.18)</u>	<u>(0.40)</u>
Class I Price, 3.5% Butterfat	\$4.37	\$4.60	\$4.605
Class I Price, 4.0% Butterfat	\$4.745	\$4.975	\$5.00
<u>Per \$ 1090.51 (a)</u>			
Supply-Demand Comparison: 1st and 2nd preceding months: July and August			
Supply: Lbs. Producer Milk (July 14,907,325 and Aug. 15,337,018)			30,244,343
Demand: Lbs. Net Class I Milk (July 10,347,096 and Aug. 11,269,770)			21,616,866
Utilization Percentage: Producer milk divided by Class I			140
Standard Utilization Percentage: Range 115-119			119
Net Deviation Percentage: Utilization minus Standard Utilization			plus 21
Supply-Demand Adjustment: 2 cents x 21 percentage points			minus \$0.42

Since the supply in relation to the demand is more than the desired standard, the price is decreased 42 cents per hundredweight (2 cents x 21 percentage points).



COMPUTATION OF UNIFORM PRODUCER PRICE FOR AUGUST 1962  
Based on 14 plant reports prior to audit

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	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		11,378,737	3.476		
Less Other Source		140,086	2.045		
Producer Milk Class I	73.3	11,238,651	3.494174	\$4.595631	\$516,486.93
Gross Class II		4,780,931	5.060		
Less Other Source		682,564	2.063		
Producer Milk Class II	26.7	4,098,367	5.559775	4.040049	165,576.03
TOTAL PROD.(Cl.I + Cl.II)	100.0	15,337,018	4.046145		682,062.96
Less Fractional Adjustment					.04
Add Compensatory Payment Value					9.09
Add Overage Value					144.73
Add Inventory Reclassification Value					447.91
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					6,152.62
TOTAL VALUE AT TEST		15,337,018	4.046145		688,817.27
Less Test Over 3.5% @ 7.2¢ per point		15,337,018	.546145	0.393224	60,308.84
TOTAL VALUE AT 3.5%		15,337,018	3.5	4.097983	628,508.43
Less Producer-Settlement Fund Reserve		15,337,018		.047983	7,359.16
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		15,337,018	3.5	\$4.05	\$621,149.27

AUGUST 1962 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)  
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.69	3.6	\$4.122	4.2	\$4.554	4.8	\$4.986	5.4	\$5.418
3.05	3.726	3.65	4.158	4.25	4.59	4.85	5.022	5.45	5.454
3.1	3.762	3.7	4.194	4.3	4.626	4.9	5.058	5.5	5.49
3.15	3.798	3.75	4.23	4.35	4.662	4.95	5.094	5.55	5.526
3.2	3.834	3.8	4.266	4.4	4.698	5.0	5.13	5.6	5.562
3.25	3.87	3.85	4.302	4.45	4.734	5.05	5.166	5.65	5.598
3.3	3.906	3.9	4.338	4.5	4.77	5.1	5.202	5.7	5.634
3.35	3.942	3.95	4.374	4.55	4.806	5.15	5.238	5.75	5.67
3.4	3.978	4.0	4.41	4.6	4.842	5.2	5.274	5.8	5.706
3.45	4.014	4.05	4.446	4.65	4.878	5.25	5.31	5.85	5.742
3.5	4.05	4.1	4.482	4.7	4.914	5.3	5.346	5.9	5.778
3.55	4.086	4.15	4.518	4.75	4.95	5.35	5.382	5.95	5.814

AUGUST MILK SAMPLES TESTED - Producer Fresh Samples 5,859 - Handler Finished Products 245.

CHATTANOOGA PRODUCERS FORMING NEW BASES

Producers supplying milk to handlers regulated by the Chattanooga order began forming new bases September 1, 1962. The BASE-FORMING PERIOD IS SEPTEMBER 1962 THROUGH JANUARY 1963. According to the base rules of the Chattanooga order, each producer delivering milk during the base-forming period will have a base computed as follows: Divide the total deliveries made by each producer during the base-forming period (September 1962 through January 1963) by the number of DAYS FOR WHICH DELIVERY IS MADE OR BY 120, WHICHEVER IS GREATER. After the base-forming period, the Market Administrator's Office will announce bases to each producer who delivered milk to Chattanooga handlers during September 1962 through January 1963. These bases will be used during the 1963 base-operating period of March through July 1963. Producers should take precaution to see that their milk deliveries are credited to their name in the way they wish bases to be computed and credited. Failure to do this may result in needless confusion and producers not receiving their full base credit.

## CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES <sup>1/</sup>				HANDLER CLASS PRICES <sup>1/</sup>			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Aug. '61	\$4.17	-	-	7.6¢	\$4.805	7.9¢	\$2.75	7.0¢
Sept.	4.29	-	-	7.6	4.605	7.9	3.30	7.0
Oct.	4.23	-	-	7.6	4.645	7.9	3.30	7.0
Nov.	4.36	-	-	7.6	4.745	7.9	3.30	7.0
Dec.	4.28	-	-	7.6	4.705	7.9	3.30	7.0
Jan. '62	4.36	-	-	7.6	4.765	7.9	3.30	7.0
Feb.	4.23	-	-	7.6	4.765	7.9	2.77	7.0
Mar.	4.25 <sup>2/</sup>	\$4.39	\$2.61	7.6	4.785	7.9	2.68	7.0
Apr.	4.03 <sup>2/</sup>	4.25	2.59	7.4	4.845	7.9	2.665	6.7
May	3.93 <sup>2/</sup>	4.12	2.60	7.2	4.575	7.5	2.665	6.7
June	4.00 <sup>2/</sup>	4.16	2.60	7.2	4.535	7.5	2.665	6.7
July	4.01 <sup>2/</sup>	4.19	2.59	7.2	4.655	7.5	2.655	6.7
Aug.	4.05	-	-	7.2	4.60	7.5	2.66	6.7
Sept.	-	-	-	-	4.37	7.5	-	-

## PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA Minn.-Wisc. Mfg. Grade Milk <sup>4/</sup> \$-cwt-3.5%
	4 Tenn.	Butter	4 Tenn. Milk Mfg.	Chi. 92° Butter	Chi. Area Powders	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	
Aug. '61	2.75	3.30	3.10	60.466	15.120	-
Sept.	2.75	3.30	3.10	60.466	15.105	-
Oct.	2.79	3.30	3.15	60.466	15.125	-
Nov.	2.80	3.30	3.15	60.466	15.070	-
Dec.	2.80	3.30	3.15	60.466	15.275	-
Jan. '62	2.80	3.30	3.15	60.466	15.260	-
Feb.	2.77	3.30	3.12	60.466	15.200	-
Mar.	2.68	3.30	3.03	60.466	15.060	-
Apr.	2.665	3.125	3.00	57.957	14.125	-
May	2.665	3.085	3.00	57.966	13.530	-
June	2.665	3.045	3.00	57.940	13.330	-
July	2.655	3.045	2.99	57.960	13.370	3.03
Aug.	2.66	3.05	3.00	57.970	13.270	3.04

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK <sup>3/</sup>			PRODUCER DATA <sup>3/</sup>				Deliveries Per			Prod. Milk Test%
	No.	Total	Class I	Class I	Total	Base	No.	Farm---Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Aug. '61	16	482,211	331,130	326,695	455,739	-	683	667	-	-	4.10
Sept.	16	510,882	392,792	387,850	490,621	-	684	717	-	-	4.10
Oct.	16	496,799	360,250	355,345	484,032	-	685	707	-	-	4.33
Nov.	16	485,387	367,959	363,166	472,399	-	686	689	-	-	4.39
Dec.	16	494,573	352,155	348,076	476,780	-	685	696	-	-	4.41
Jan. '61	16	486,624	364,484	359,962	473,584	-	685	691	-	-	4.40
Feb.	15	502,394	370,985	366,116	487,977	-	683	714	-	-	4.23
Mar.	15	506,148	379,540	374,558	491,493	453,153	681	722	665	57	4.22
Apr.	14	558,890	352,978	348,742	536,273	465,332	680	789	684	105	4.13
May	14	546,516	356,718	352,318	522,954	459,802	678	771	678	93	4.03
June	14	510,209	354,311	350,096	486,055	437,117	678	717	645	72	4.05
July	14	506,515	337,792	333,739	480,881	425,773	677	710	629	81	4.05
Aug.	14	521,280	367,056	362,537	494,743	-	675	733	-	-	4.05

<sup>1/</sup> Excludes Premiums<sup>2/</sup> For statistics only<sup>3/</sup> Other Source is Gross minus Producer; Class II is Receipts minus Class I<sup>4/</sup> Effective with Order Amendment August 1962